

# Monthly Newsletter

July 2012

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## In this issue

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- **“Section 8” housing vouchers: are they worth the trouble?**
  - **Rental market update.**
  - **Property maintenance: what is a “slab leak” and how does California West deal with one?**
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## “Section 8” housing vouchers: are they worth the trouble?

“Section 8” housing vouchers are a type of government assistance for low income residents. Property owners may choose whether or not to accept these vouchers.

California West has had mixed results with accepting “Section 8” vouchers. The cost of accepting vouchers is often more expensive than the benefits, but sometimes accepting “Section 8” tenants does make sense.

Here are some of the benefits of accepting “Section 8”:

- Less turnover;
- The government partly guarantees rents; and
- Government administrators conduct annual inspections – which helps to identify problems early.

However, there are also disadvantages to accepting “Section 8”:

- The residents are low income, often have special needs, and are many times more difficult to work with;
- There are more government regulations and bureaucratic problems that will arise;
- There is more difficulty in removing problem residents; and
- The ability to raise rents is left to the discretion of a “Section 8” administrator.

One of the more frustrating bureaucratic problems that California West deals with is having an administrator who requires a property owner to leave the property vacant for up to three weeks while the paperwork is being processed and then, after the owner has lost three weeks of rent, to learn that the property cannot rent for as much as a nearly identical property nearby. At that point, a property owner has to make a decision of whether to accept lower rents and get the property rented - which is usually the best decision - or to put the property back on the market and attempt to find a different tenant who is not relying on “Section 8.”

In sum, deciding whether to accept “Section 8” depends on many factors and if you have any questions please contact us to discuss your property.

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## Rental market update.

**Five Cities and Santa Maria:** On July 1, 2012 California West's Arroyo Grande office had 9 units available, which is much better than a few years ago at the same time:

July 1, 2009: 38 units available

July 1, 2010: 15 units available

July 1, 2011: 12 units available

July 1, 2012: 9 units available

*It seems that plumbing emergencies rarely occur during business hours, which is why California West has a 24 hour staff that is always on call to deal with emergencies.*

**San Luis Obispo:** The student rental market in San Luis Obispo remains relatively strong.

Large student apartment buildings are fully rented and there were 14 other units available from California West's San Luis Obispo office as of June 20, 2012. This compares with 41 units on the same date in 2011.

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## Property maintenance: what is a "slab leak" and how does California West deal with one?

One of the more expensive plumbing problems that can arise at a property is a "slab leak." This occurs when a home that is built on a slab of concrete has plumbing pipes installed under the slab which begin to leak.

A "slab leak" can create serious problems because, among other reasons, it is not immediately obvious that any leak has occurred. Plumbing vendors can usually locate the leak, but to get at the pipe requires cutting through the concrete slab, which is an expensive job.

Sometimes, it is possible to reroute the pipe to avoid having to cut through the slab. However, that is not always possible for various reasons.

California West deals with these and other maintenance problems by having a full time maintenance staff that is always on call to diagnose any emergencies and to call a plumber or other professional as necessary.

It seems that plumbing emergencies rarely occur during business hours, which is why California West's 24 hour staff is so valuable.

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